

CLAYTON COUNTY PENSION BOARD

Deferred Compensation Meeting
11:00 a.m.

May 12, 2022

MINUTES

PRESENT: Terry Hicks, Chairman; James Crissey, Vice-Chair; Ramona Bivins, Secretary; Katherine Dodson, Member; and Pamela Ambles, Member.

ALSO PRESENT: Rick Arenburg and Cass Hollis, Bryan Cave Leighton Paisner LLP; Theodore Loew (T.J.), Graystone Consulting/Morgan Stanley; and Kerri Hathaway, Pension Manager.

1. Chairman Terry Hicks called the Deferred Compensation Meeting to order.
2. A motion was made by Ms. Katherine Dodson to adopt the agenda and seconded by Ms. Pamela Ambles. The vote was unanimous.
3. A motion was made by Ms. Ambles to approve and accept the minutes from February 10, 2022, as written. The motion was seconded by Mr. James Crissey. The minutes were approved and accepted by unanimous vote. Ms. Ramona Bivins abstained because she was absent at the February 2022 meeting.
4. Mr. T.J. Loew of Graystone/Morgan Stanley opened by presenting the “Plan Investment Review Clayton County Prudential 457 Plan January 1 – March 31, 2022” for the quarterly performance of the Deferred Compensation Plan. Mr. Loew discussed how the markets are at fifty-two week lows and how long this will continue and how will it might be fixed. Mr. Loew recapped Federal Reserve action on interest rates and how there is still volatility in the markets. In general, Mr. Loew noted that value stocks performed relatively well in comparison to growth stocks. Still, he noted that this is only the third time in history we have seen negative returns in stocks as well as negative returns in the fixed markets. Mr. Loew identified the Ukraine situation and inflation as responsible for much of the turmoil.

To put recent events in perspective, Mr. Loew reviewed the historical ups and downs in the markets. While not necessarily predicting a positive year overall, he said he expects to see inflation come under control as the Federal Reserve policy continues to roll out, to see a slowdown in market volatility, and to see some recovery in the markets in the second half of this year. Therefore, he believes participants should not overreact to the present downturn.

Mr. Loew moved on to discussing how the 457 plan performed for the quarter. Overall, the target date funds were the best performers. The growth funds were down across all growth segments. Still, Mr. Loew noted that participants generally did not react to the volatility in the markets by moving into stable value or money market funds. Mr. Loew explained that although the Lord Abbett High Yield fund underperformed, the underperformance is in keeping with its investment style and should not be cause for concern. Additionally, although the JP Morgan Mid Cap Value

fund is presently on the watch list, it has shown recent outperformance and should be eligible to be removed from the watch list in the near term. On the other hand, after its reclassification as a growth fund by Morning Star, Mr. Loew said that the Invesco Global R6 fund's performance has caused it to fall onto the watch list with a score suggesting the need for its replacement. They are scoring 25% on our watch list. When a fund falls below 30 that is typically when we want to do a replacement. As a result, Mr. Loew advised the Pension Board that he is recommending mapping this fund to an existing large growth manager for the plan, which will have the added benefit of reducing the overall number of funds offered by the plan. Mr. Loew noted that only 2% of plan assets are invested in this fund.

A motion was made by Ms. Dodson to map the Invesco Global R6 fund to the AB Large Cap Growth fund, the motion was seconded by Ms. Bivins. The vote was unanimous.

In summary, Mr. Loew stated that 22 of the 24 active investment options offered by the plan are outperforming their peers. As for the other two, one is being replaced and one is starting to perform. Mr. Loew promised a discussion on fees in one of the next meetings and also noted his availability for a participant education day.

5. Mr. Loew next provided an update on the purchase of Prudential's retirement plan business to Empower. He reported that Empower is projecting a conversion date and process to occur by the end of the year, with a blackout period over a weekend. There will be no changes to the existing contractual arrangements between Prudential and the plan. With that, Mr. Loew concluded his presentation.
6. Pension Board members then began a discussion about cybersecurity matters and what protections were afforded to the plan under either vendor contracts or County policies. Mr. Loew agreed to discuss the matter with Prudential. Mr. Rick Arenburg and Ms. Cass Hollis offered their services to help review contracts and policies if needed.
7. There being no further business, Ms. Bivins made a motion to adjourn the meeting, which was seconded by Ms. Dodson. The vote was unanimous.

Clayton County Pension Board

Terry Hicks, Chairman

Date

[●], Member

Date